

great detail in a brilliantly conceived and well-organized speech which he delivered before an assembly of the Association of Iron, Tin and Metal Industries (Wirtschaftsverband Eisen, Blech und Metall verarbeitende Industrie) in Bad Godesberg on April 9 but the text of which was just recently made public. In this epeech, the Defense Minister discussed the evolution of the world balance of power in this century which has eeen Europe - once the decisive voice in international political questione - decline to the role of a "Junior partner". An important factor in this evolution - and one of the greatest dangere of the world today - ie the advancement of military technology which has brought about a situation whereby it is only a matter of a short time before either eide will be able to attack with nuclear weapons any point on the globe in a matter of hours. Yet, said Straues, the danger today lies not so much in the possibility that one side or the other will deliberately use such weapons ("each side becomes more careful as its power grows"), but in the possibility of being blackmailed by their threatened ues. Whoever either lacks the datermination or the means to fight a nuclear conflict is vulnerable Co such political blackmail.

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Thus, said Strauss, the maintenance of a high state of nuclear readiness is a necessity, although such a course requires as great an effort as actually fighting a war required some years ago. It is in these circumstances, Strauss went on, that the Bundeswehr is being setablished - circumetanoss quite distinct from those prevailing when the German armies of World Wars I and II were established. In those days, Germany was the center of power, having an autonomous army and an autonomous armaments industry. When one considers that even a reunited Germany today could be traversed in 10 to 20 minutes by a modern fighter-bomber or in 2 to 5 minutes by missiles, it becomes quite obvious that as a result of modern weapons developments, the establishment of balanced national armies make no sense for Germany or any other European state. The maintenance of a ceries of autonomous national forces in Europe, said Strauss, is not only unworkable but involves an expanditure of economic resources completely out of relationship to the value of such a defense system.

That the case reasoning applies to armsents production and silitary research and development, according to the Befense Minister, can be demonstrated by a comparison of the costs of modern weapons with those used in World War III. A modern fighter large for the production of the costs of modern weapons with those roughly Do-times the product of the cost of the cost

Since returning from his recent U.S. visit, Strause has on a number of coasions expansive demnays suitivary role much in the same terms as outlined in his April 9 speech to the industrialists but with particular stress on the armanents production aspects. In the latter connection, however, his post-U.S. visit talks while still account of the post-U.S. visit talks while talk talks while talk talks while talk talks while talks while talk talks while talk talks while talks whi

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The faithful build-up of the Bundeswehr on schedule, Straues described as "the beginning and the end of our relations with the U.S." He added, however, that in building up the German military establishment. the Defence Winistry would continue its policy of buying the best available, carefully adding that by "available", he meant items in production, not on the drawing boards.

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For Straues, who has for some time been advocating and urging more defense production in the Federal Republic and who in other respecte ie often coneidered as one of the more nationalistic members of the cabinet, to now make such a etrong appeal for greater European integration both in terms of military forces and production efforts is perbans indicative of a growing realization that a highly integrated defense system is the only reasonable solution to Germany's defense and, moreover, that the Federal Republic is going to have to puch hard to achieve it. This is not to say that this realization has hit the Bonn Government like a bolt of lightning. The Federal Republic's geographic eituation has long since made this self-evident. Earlier, however, there was no feeling of urgency and in fact there was, for a time, even some recistance of the process in some cases where national financial interests prevailed (e.g. NATO Supply Agency) as well as attempts to work out arrangements outside the NATO framework (e.g.FIG). In recent months, however, largely through a self-evaluation of their strength brought about by the Berlin crisis, the Germans have become painfully aware of their own military inadequacy and particularly of the importance of integrated air defense and of their reliance on their neighboring countries for war reserves storage. Secondly, the re-birth of French nationalism and De Gaulle's aspiration of re-making France into a world power even at the expense of NATO integration, has caused many Germans to fear that the whole NATO integration process was in danger of being junked - a fear which has made their desire to proceed promptly with integration stronger than ever.

Strauss' renunciation of any ambition to establish an autonomous armaments industry in the Federal Republic also has its interesting aspects, particularly in relation to his later statement that most of the Federal Republic's modern weapone requirements would be procured in the U.S. "except where common production is feasible". It must be borns in mind that these remarks came on the heels of a period when the Federal Republic's efforts to obtain approval to produce certain weapons were meeting resistance (or at least Strauss considered it resistance) in the WEU and at a time when the Hawk deal - where the Federal Republic was on the receiving end of some rough treatment

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from the French-was being buttoned up. In this connection, the reporting officer hes more than once run across the attitude in the Defense Ministry that had the Federal Republic threetened to pull out of the Hawk group and procure Hawk direct from the United States, the Franch, in the realization that the Hawk group could not succeed without German participation, would not have driven such a hard bargein. It may be that this line of thinking is growing in the Defense Ministry, and Strauss while expressing a clear interest in common production efforts were at the same time giving his Europeen partners a subtle hint that the Federal Republic could just as well obtain its wespons requirements by direct purchase from the United States, As a practicel matter, while the Defense Ministry may resort to such a policy in the short run as a tactic or to cover immediate needs, there is every reason to believe -- and, in fact, Defense Ministry officials have on occasion privately said so -- that they would not consider complete reliance on the United States as a satisfectory long-term solution. Aside from the political factors involved, from a purely economic point of view, they point out that the necessity for setting up maintenance and repair facilities, stocking of sufficient spere parts, etc. would be almost as expensive as setting up their own production facilities.

Straugs' statement made in the course of a recent TV interview (where he also emphssized the need for greater integrated defanses) that Germany's buildup must proceed at schedule to retain the confidence of the United States, is indicative of a growing owereness of a general feeling hald outside of Germany that the Federal Republic is not doing all it could in terms of its defense contribution. Finance Minister Etzel touched on the same theme some weeks ago in a speech on the Federal budget and tax policy in which he stated that eventually taxes may have to be raised since the Federal Republic would have to make a defense contribution comparabla in terms of percentage of GNP to the defense afforts of other important members of the Alliance. Perhaps sensing that the population end the Bundestag are becoming too accustomed to the low defense expenditure rate, which up until now has been the rule, it is likely that both Strauss and Etzel have seen fit to take advantage of the growing acceptance of a German defense machine (indicated by e recent "Die Welt" poll showing an overwhelming majority in both major parties favoring German defense contribution) to drive home the point that a greater German defense affort is expected by its allies and that increased defense expenditures may well eventually result in a greater tax burden. It may also be indicative of progress that the quastion of arming the Bundeswehr with atomic weapons has become an issue of secondary importance (as indicated by the fact that the announcement of the signing of the U.S.-German agreement on providing stomic information caused scarcely a ripple in the Garmon press) end that the Defense Ministry can now con-Joentrate on where and how its modern weapons requirements should be procured and utilized.

For the Charge d'Affeires s.i.

Henry J. Tusca Minister for Economic Affairs

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